

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-13 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05

SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /101 W

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC PRIORITY 8206

INFO AMEMBASSY BRUSSELS PRIORITY

USMISSION GENEVA

AMEMBASSY ATHENS

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

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BRUSSELS FOR USEEC

E.O. 11652: N/A

TAGS: ETRD, EEC, TU

SUBJECT: EC ACTION TO RESTRICT TEXTILE IMPORTS FROM TURKEY

LIFTED

REF: BRUSSELS 8154

1. TURKISH PRESS ON JULY 19 CARRIED ANNOUNCEMENT BY CARETAKE FOREIGN MINISTER GUNDUZ OKCUN THAT EC "HAS DECIDED NOT TO PUT INTO EFFECT ITS RECENT COMMUNIQUE" ON LIMITING IMPORTS OF CERTAIN TEXTILE PRODUCTS FROM TURKEY. PRESS REPORTS (AND MFA OFFICIALS CONFIRM) THAT, FOLLOWING NEGOTIATIONS WITH A GROUP OF TURKISH INDUSTRY REPRESENTATIVES IN BRUSSELS, EC HAD DECIDED TO REDUCE ITS RESTRAINT MEASURES TO MAINTENANCE OF "GENERAL OBSERVATION" OF LIMITED OFFICIAL USE

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IMPORTS FROM TURKEY OF ITEMS IN QUESTION.

2. NECDET ILCI, DIRECTOR, DEPARTMENT OF EUROPEAN COMMUNITY AFFAIRS, MFA, TOLD E/C COUNSELOR THAT THE COMMUNITY HAS LIFTED ALL RESTRICTIONS ON IMPORTATION OF T-SHIRTS AND LADIES' BLOUSES FROM TURKEY. THE GOT SENT EXPERTS TO BRUSSELS WHEN THE EC RESTRICTIONS WERE FIRST ANNOUNCED TO PROVIDE NUMBERS AND

EXPLANATIONS PROVING THAT THE VOLUME OF IMPORTS FROM TURKEY WAS NOT CONSEQUENTIAL. THEY SUCCEEDED. HOWEVER, TURKISH T-SHIRTS AND BLOUSES WILL BE SUBJECT TO "GENERAL INSPECTION" BY THE EC, DESIGNED TO ASSURE THAT THE VOLUME WILL NOT INCREASE SHARPLY. ILCI ALSO SAID THAT TURKEY HAD AGREED TO RAISE THE PRICE OF COTTON YARN FROM \$2.42 TO 2.69 A KILOGRAM. ILCI SAID THAT THE TURKISH REPRESENTATION AND THE EC DECISION HAD BEEN MADE PURELY ON ECONOMIC GROUNDS. HE REMARKED, HOWEVER, THAT HAD THE EC RESTRICTIONS NOT BEEN LIFTED, THERE WOULD HAVE BEEN A SUBSTANTIAL DETERIORATION IN POLITICAL RELATIONS BETWEEN TURKEY AND THE COMMUNITY.

3. TURKISH CARETAKER MINISTER OF TRADE ZIYA MUEZZINOGLU HAD EARLIER (JULY 13) ISSUED STATEMENT DECRYING EC ACTION AND REMARKING THAT FACT IT WAS TAKEN AT SAME TIME TURKEY WAS EXPERIENCING GRAVE BOP DIFFICULTIES "LEADS US TO LOOK DEEPLY INTO ITS INTENTIONS". EXCERPT FROM TEXT OF HIS STATEMENT AS CARRIED BY IKA (ECONOMIC AND COMMERCIAL NEWS AGENCY) FOLLOW:

A. "THIS LATEST DECISION BY THE EC, TOGETHER WITH THE COMMUNITY'S NEGLIGENCE TO IMPROVE ON AGRICULTURAL CONCESSIONS AND MEET RESPONSIBILITIES IN THE MATTER OF FREE TRAVEL OF TURKISH WORKERS (BETWEEN EEC COUNTRIES) AND IN ACCORDING THEM SOCIAL SECURITY RIGHTS, THE UK'S UNFAIR DECISION TO RESTRICT COTTON YARNS IMPORTED FROM TURKEY, PLUS THE EEC'S ONEROUS ATTITUDE IN THE MATTER OF OUR LIMITED OFFICIAL USE

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COTTON YARNS IS JUST ANOTHER STEP TAKEN IN THE DIRECTION OF PLACING TURCO-EEC RELATIONS ON A VERY DIFFICULT FOOTING.

B. "AS A MATTER OF FACT THE FABRICS WHICH ARE THE SUBJECT OF THE EEC'S RESTRICTIVE DECISION CONSTITUTE MORE THAN TWO-THIRDS OF TURKEY'S INDUSTRIAL GOODS EXPORTS WHICH BENEFIT FROM THE MORE OR LESS FAVOURABLE CONCESSIONS ACCORDED TO THE THIRD COUNTRIES.

C. "CONSEQUENTLY, THE EEC'S DECISION, DIRECTED AS IT IS AT THE TURKISH TEXTILE INDUSTRY WHICH IS AN EXTREMELY IMPORTANT FACTOR INsofar AS CONCERNS ADDED VALUE, EMPLOYMENT AND EXPORTS, MEANS THAT THE TURCO-EEC CUSTOMS UNION IS, UNILATERALLY, BEING PLACED IN A POSITION WHERE IT CAN NO LONGER OPERATE. FURTHERMORE, THE FACT THAT THIS DECISION THE JUSTIFICATION OF WHICH CAN IN NO WAY BE DEFENDED HAS BEEN ADOPTED AT A TIME WHEN TURKEY IS FACED WITH GRAVE DIFFICULTIES IN THE FIELD OF HER BALANCE OF PAYMENTS LEADS US TO LOOK DEEPLY INTO ITS INTENTIONS."

4. COMMENT: EC ACTION WAS UNDOUBTEDLY A MATTER OF URGENT CONCERN TO TURKS, THREATENING AS IT DID ONE OF FEW BRIGHT SPOTS IN TRADE ACCOUNTS. WHILE TOTAL TURKISH EXPORTS DURING FIRST FIVE MONTHS OF 1977 WERE 28 PERCENT BELOW TOTAL FOR SAME PERIOD 1976,

RECEIPTS FROM TEXTILES EXPORTS ACTUALLY ROSE BY 36 PCT AND ACCOUNTED  
FOR 18 PCT OF GLOBAL EXPORTS. EC, BY LIMITING IMPORTS OF  
ITEMS SPECIFIED TO THEIR 1976 LEVELS, WOULD THUS HAVE CLOSED  
OFF ONE OF FEW POSSIBILITIES FOR DESPERATELY NEEDED GROWTH IN  
EXPORT REVENUES IMMEDIATELY AVAILABLE TO TURKS.  
END COMMENT.  
SPIERS

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## Message Attributes

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